

THE TOWN OF YORK HISTORICAL SOCIETY

Financial Statements

December 31, 2019

Draft for discussion purposes only

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THE TOWN OF YORK HISTORICAL SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Town of York Historical Society

Opinion

We have audited the financial statements of The Town of York Historical Society ("the Society"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

As part of our audit of the financial statements of the Society for the year ended December 31, 2019, we also audited the adjustments described in Note 2 that were applied to restate the financial statements for the year ended December 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 14,964	\$ -
Accounts receivable	9,550	10,959
Inventory	20,981	24,297
Prepaid expenses	-	1,488
	<u>45,495</u>	36,744
CAPITAL ASSETS (Note 5)	946	1,260
COLLECTIONS (Note 6)	348,726	347,736
	<u>\$ 395,167</u>	<u>\$ 385,740</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ -	\$ 4,254
Accounts payable and accrued liabilities (Note 4)	10,305	5,296
Due to Canada Post Corporation (Notes 7 and 11)	14,338	17,743
Deferred revenues	22,463	25,169
	<u>47,106</u>	52,462
NET ASSETS		
INVESTED IN CAPITAL ASSETS	946	1,260
INVESTED IN COLLECTIONS	348,726	347,736
UNRESTRICTED	<u>(1,611)</u>	(15,718)
	<u>348,061</u>	333,278
	<u>\$ 395,167</u>	<u>\$ 385,740</u>
COMMITMENTS (Note 12)		
SUBSEQUENT EVENT (Note 13)		

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See the accompanying notes to these financial statements

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2019

	Invested in capital assets	Invested in collections	Unrestricted	Total 2019	Total 2018
BALANCE - BEGINNING OF YEAR					
As previously reported	\$ 1,260	\$ 347,736	\$ 9,451	\$ 358,447	\$ 333,294
Accounting change	-	-	(25,169)	(25,169)	(15,279)
As restated	1,260	347,736	(15,718)	333,278	318,015
Excess of revenues over expenses	-	-	13,793	13,793	15,263
Amortization of capital assets	(314)	-	314	-	-
Gifts of artifacts	-	990	-	990	-
BALANCE - END OF YEAR	\$ 946	\$ 348,726	\$ (1,611)	\$ 348,061	\$ 333,278

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THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Operations

Year Ended December 31, 2019

	2019	2018
REVENUES		
Toronto's First Post Office <i>(Note 7)</i>	\$ 54,972	\$ 46,493
Government grants <i>(Note 8)</i>	49,508	45,141
Canada Post Corporation, service and other fees (net)	47,256	47,131
Box rentals	27,236	22,782
Gift shop (net)	12,777	12,911
Donations <i>(Note 9)</i>	8,866	12,956
Fundraising	7,814	14,349
Tours	4,949	5,322
Memberships	4,460	5,295
U.S. postage sales (net)	570	997
Other	81	218
	218,489	213,595
EXPENSES		
Salaries and benefits	148,946	131,421
Rent	15,199	19,708
Interest and bank charges	11,834	9,556
Office and general	10,893	7,735
Accounting and audit	10,303	8,958
Fundraising <i>(Note 9)</i>	5,035	6,315
Telephone and internet	4,725	3,067
Repairs and maintenance	4,409	4,484
Insurance	2,959	3,036
Members' programs	2,695	2,158
Exhibitions and education programs	2,042	1,057
Advertising and promotion	820	412
Amortization of capital assets	314	425
	220,174	198,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(1,685)	15,263
OTHER INCOME		
Sale of property (net) <i>(Note 10)</i>	15,478	-
EXCESS OF REVENUES OVER EXPENSES	\$ 13,793	\$ 15,263

See the accompanying notes to these financial statements

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 13,793	\$ 15,263
Item not affecting cash:		
Amortization of capital assets	314	425
	<u>14,107</u>	<u>15,688</u>
Changes in non-cash working capital:		
Accounts receivable	1,409	1,989
Inventory	3,316	(5,652)
Prepaid expenses	1,488	(1,428)
Accounts payable and accrued liabilities	5,009	(7,322)
Due to Canada Post Corporation	(3,405)	145
Deferred revenue	(2,706)	9,790
	<u>5,111</u>	<u>(2,478)</u>
INCREASE IN CASH	19,218	13,210
BANK INDEBTEDNESS - BEGINNING OF YEAR	(4,254)	(17,464)
CASH (BANK INDEBTEDNESS) - END OF YEAR	14,964	(4,254)
CASH CONSISTS OF:		
Cash	\$ 14,964	\$ -
Bank indebtedness	-	(4,254)
	<u>\$ 14,964</u>	<u>\$ (4,254)</u>

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THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

1. NATURE AND PURPOSE OF THE ORGANIZATION

The Town of York Historical Society (the "Society") was incorporated in April 1983 as a not-for-profit society under the Ontario Historical Society Act. The Society is a registered charity under the Income Tax Act (Canada) and, as such, it is exempt from income taxes and may issue receipts for charitable donations.

The mandate of the Society is to research, interpret and promote the history of the Town of York and early Toronto, and to foster the maintenance of the Town of York's surviving built environment.

Through its work, the society informs contemporary residents and visitors about the origins and early lifestyles of Toronto. The Society believes in the importance of:

- Sharing a passion for our history by means of open and effective communication.
- Preserving built-form and written and pictorial records that depict the past in a manner that captures the spirit and essence of a socially inclusive history.

The Society operates Toronto's First Post Office, a post-office museum and a National Historic Site. As part of that function, it also operates a Canada Post Corporation ("Canada Post") full-service franchise seven days a week as an appropriate continuation of the site's original purpose. The museum is situated on its original site and within its original walls. The interior is a recreation based on authentic archival materials extant from Postmaster James Scot Howard's original construction in 1833.

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THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

2. ACCOUNTING CHANGE

During the year, the Society noted that revenue from post office box rentals had been recorded in revenues when received. In accordance with the Society's revenue recognition policy, these funds should have been recorded as deferred revenues when received, and recognized in revenues over the term of the rental period.

Accordingly, this error was corrected retrospectively by restating the fiscal 2018 amounts, as follows:

a) Statement of Financial Position as at December 31, 2018

	As previously stated	Adjustment	Restated
Deferred revenues	\$ -	\$ 25,169	\$ 25,169
Unrestricted net assets	\$ 9,451	\$ (25,169)	\$ (15,718)

b) Statement of Operations for the year ended December 31, 2018

	As previously stated	Adjustment	Restated
Revenue - box rentals	\$ 32,672	\$ (9,890)	\$ 22,782
Excess of revenues over expenses	\$ 25,153	\$ (9,890)	\$ 15,263

c) Statement of Cash Flows for the year ended December 31, 2018

	As previously stated	Adjustment	Restated
Excess of revenues over expenses	\$ 25,153	\$ (9,890)	\$ 15,263
Deferred revenues	\$ (100)	\$ 9,890	\$ 9,790

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

These financial statements are the representation of management and have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions, including grants, are recognized as revenues in the year in which the related activities are carried out and expenses are incurred.

Postal sales, rentals and other earned revenues are recognized as revenues upon completion of performance.

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THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and amount due to Canada Post Corporation.

Inventory

Inventory of postage and museum shop items for sale is stated at the lower of cost and net realizable value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining-balance method
Furniture and fixtures	20%	declining-balance method
Software	25%	declining balance method

Management regularly reviews its capital assets to eliminate obsolete items.

On January 1, 2019, the Society adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the "standards").

The adoption of the new accounting standards was applied prospectively, except the Society was permitted to recognize an adjustment to opening net assets at January 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at January 1, 2019 or the changes in financial position for the current year.

Collections

Collections, consisting of artifacts and collectibles, post office restorations, exhibits, and library, are carried at cost, or in the case of gifts, at fair value. The Society does not include gifts of artifacts in the statement of operations, but records them as direct increases to net assets on the statement of financial position. In the event an item from the collection is sold, the proceeds would be used to acquire items to be added to the collection or for the direct care of the existing collection.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

Contributed services

Volunteers contribute time to assist the Society in carrying out its programs. Contributed services are not recognized in the financial statements.

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

4. FINANCIAL INSTRUMENTS

The Society has an operating line of credit of \$25,000. Advances under the line of credit bear interest at the prime rate plus 3.35% per annum and are secured by a general security agreement over the Society's assets and a personal guarantee of a certain officer. At December 31, 2019, the balance of the operating line of credit is \$Nil (2018 - \$Nil).

Accounts receivable from customers are monitored regularly to ensure collection.

Accounts payable and accrued liabilities at December 31, 2019 include government remittances payable of \$3,309 (2018 - \$620).

The carrying value of the Society's financial instruments approximates their fair value due to the relatively short term to maturity of those instruments. It is management's opinion that the Society is not exposed to significant interest rate, credit or liquidity risk arising from its financial instruments.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 16,111	\$ 15,750	\$ 361	\$ 515
Furniture and fixtures	11,887	11,465	422	528
Software	4,837	4,674	163	217
	<u>\$ 32,835</u>	<u>\$ 31,889</u>	<u>\$ 946</u>	<u>\$ 1,260</u>

6. COLLECTIONS

	2019	2018
Artifacts and collections	\$ 258,290	\$ 257,300
Artifacts under accession	15,869	15,869
Post office restorations and exhibits	72,054	72,054
Library	2,513	2,513
	<u>\$ 348,726</u>	<u>\$ 347,736</u>

During the year, the Society received gifts, at fair value, of \$990 (2018 - \$Nil). There were no withdrawals from the collection during the year.

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

7. REVENUES - TORONTO'S FIRST POST OFFICE

	2019	2018
Sales of non-metered postage	\$ 130,112	\$ 130,604
Cost of sales: Purchases of Canadian postage	(126,811)	(124,402)
	3,301	6,202
Commission on metered postage sales	41,932	31,427
Canada Post fees due outlet	9,739	8,864
	<u>\$ 54,972</u>	<u>\$ 46,493</u>

At December 31, 2019, the balance owing to Canada Post is \$14,338 (2018 - \$17,743).

8. REVENUES - GOVERNMENT GRANTS

Revenues from government grants recognized during the year are as follows.

	2019	2018
Ontario Ministry of Culture, Tourism and Sport: Community Museum Operating Grant	\$ 16,839	\$ 16,839
City of Toronto: Community Partnership Investment Program	28,302	28,302
Canadian Museums Association Young Canada Works in Heritage Organizations	4,367	-
	<u>\$ 49,508</u>	<u>\$ 45,141</u>

9. DONATIONS

Donations in 2019 include in-kind contributions of \$1,208 (2018 - \$491). In-kind contributions represents the fair value of venue rentals and other fundraising expenses contributed to the Society by corporate donors. The corresponding expenses are classified as fundraising expense.

10. SALE OF PROPERTY

The Society had an undivided one-third interest in a ground level condominium unit acquired in December 2001. In March 2019, the Society sold its undivided one-third interest in the condominium unit for \$20,000.

11. ECONOMIC DEPENDENCE

The Society is economically dependent upon Canada Post as its sole supplier for post office operations. Should Canada Post substantially change its dealings with the Society, management is of the opinion that continued viable operations would be adversely affected.

12. COMMITMENTS

Under a lease agreement for premises that expires on December 31, 2020, the Society pays an annual rent of \$13,232 with applicable taxes plus hydro charges in excess of \$1.00 per square foot per annum.

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

13. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Society in future periods. Management continues to closely monitor and assess the impact on operations.

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